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2 Pages

Suzanne Henderson

OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 7th day of October, 2008, between William A. Hanes and Amanda Hanes, husband and wife, Lessor (whether one or more), whose address is: 6505 Jerry Court, North Richland Hills, Texas 76180, and XTO Energy Inc., whose address is: 810 Houston St., Fort Worth, Texas 76102, Lessee, WITNESSETH:

1. Lessor, in consideration of ten dollars and other valuable consideration, receipt of which is hereby acknowledged, and of the covenants and agreements of Lessee hereinafter contained, does hereby grant, lease and let unto Lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in Lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced form the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land," is located in the County of Tarrant, State of Texas, and is described as follows:

0.262 acres, more or less, out of the T. Martin Survey, Abstract No. 1055 and being Block 11, Lot 19, of Glenann Addition, Third Filing, an addition to the City of North Richland Hills, Tarrant County, Texas, according to the Plat recorded in Volume 388-83, Page 21, Plat Records, Tarrant County, Texas and being those same lands particularly described in a Warranty Deed With Vendor's Lien dated March 9, 2006 from Home and Note Solutions, Inc. to Amanda Hanes and William A Hanes, recorded thereof in Document No. D206073370, Deed Records, Tarrant County, Texas and amendments thereof, including streets, easements and alleyways adjacent thereto, and any riparian rights.

This is a non-development Oil, Gas and Mineral Lease, whereby Lessee, its successors or assigns, shall not conduct any operations, as defined herein, on the surface of said lands. However, Lessee shall have the right to pool or unitize said lands, or part thereof, with other lands to comprise an oil and/or gas development unit. It is the intention of Lessor to allow Lessee to explore for oil and/or gas without using the surface of Lessor's land for any operations. This clause shall take precedence over any references to surface operations contained within the preprinted portion of this

This lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by Lessor by limitation, prescription, possession, reversion, after-acquired title or unrecorded instrument or (b) as to which Lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by Lessee for a more complete or accurate description of said land. For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain <a href="Months of the content of the content

- 2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of __3__years with no cessation for more than ninety (90) consecutive days.
- with no cessation for more than ninety (90) consecutive days.

 3. As royalty, Lessee covenants and agrees: (a) To deliver to the credit of Lessor, in the pipe line to which Lessee may connect its wells, the posted market price of such 25% part of all oil produced and saved by Lessee from said land, or from time to time, at the option of Lessee, to pay Lessor the average case, to bear 25% of the cost of treating oil to render it marketable pipe line oil; (b) To pay Lessor on gas and casinghead gas produced from said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, or (2) when used by Lessee essee's election, except that on sulphur mined and marketed or utilized by Lessee from said land, one-tenth either in kind or value at the well or mine at primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been were being conducted on said land for so long as said wells are shut-in, this lease shall, nevertheless, continue in force as though operations occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, Lessee shall not be required to settle labor trouble or to market gas upon terms unacceptable to during such time there are no operations on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had said wells, but in the exercise of such diligence, Lessee shall not be required to settle labor trouble or to market gas upon terms unacceptable to during such time there are no operations on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had said wells, but in the exercise of such diligence, Lessee shall not be required to settle labor trouble or to market gas upon terms unacceptable to during such time there are no opera
- assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

 4. Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land, lease, or leases, as to any or all minerals or horizons, so as to establish units containing not more than 80 surface acres, plus 10% acreage tolerance; provided, however, units may be established as to any one or more horizons, or existing units may be established as to any one or more horizons, or existing units may be established as to any one or more horizons, or existing units may be enlarged as to (1) gas, other than cassinghead gas, (2) liquid hydrocarbons (condensate) which are not liquids or experience; it is minerally produced from wells classified as gas wells by the conservation agency having jurisdiction. If larger units then allowed the permitted, either at the regular location, or for obtaining maximum allowable from any well to be drilled, drilling, or already drilled, any such permitted, either at the regular location, or for obtaining maximum allowable from any well to be drilled, drilling, or already drilled, any such permitted or required by such governmental order or rule. Lessee shall exercise said options we be stabilished or by executing an instrument indentifying such unit and filling it for record in the public office in which this lease is recorded. Such user all become effective as of the date provided for in said instrument or instruments are so filed of record. Each of said options may be exercised by Lessee to the date provided for in said instrument or instruments are so filed of record. Each of said options may be exercised by Lessee to the date provided for install instruments or production has been established either on said from the bordin or said and included in the unit, or on other land unifized therewith. A unit established hereunder shall be valid and effective provab

part of the leased premises.

- 5. Lessee may at any time and from time to time execute and deliver to Lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations, as to the released acreage or interest.
- 6. Whenever used in this lease the word "operations" shall mean operations for and/or any of the following: preparing the drillsite location and/or access road, drilling, testing, completing, recompleting, deepening, sidetracking, plugging back or repairing of a well in search whether or not in paying quantities.
- 7. Lessee shall have the use, free from royalty, of water, other than from Lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled nearer than 200 feet to the house or barn now on said land without the consent of the Lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.
- 8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any mineral or horizon. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, shall increase the obligations or diminish the rights of Lessee, including, but not limited to, the location and drilling of wells and the measurement change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall place of business by Lessor or Lessor's heirs, successors, or assigns, notice of business by Lessor or Lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such royalties, or other moneys, or part thereof, to the credit of the decedent in a depository bank provided for above.
- 9. In the event Lessor considers that Lessee has not complied with all its obligations hereunder, both express and implied, Lessor shall notify of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall be after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any of the canceled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to be designated by Lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules as are necessary to operations on the acreage so retained and shall not be required to move or remove any existing surface facilities necessary or convenient for current operations.
- 10. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but Lessor rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to the and/or assigns under this lease. If this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the moneys accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether regard to whether it is executed by all those named herein as Lessor.
- 11. If, while this lease is in force, at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof, and Lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of Lessee, the primary term hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.
- 12. Lessor agrees that this lease covers and includes any and all of Lessor's rights in and to any existing well(s) and/or wellbore(s) on said land, other than existing water wells, and for all purposes of this lease the re-entry and use by Lessee of any existing well and/or wellbore shall be deemed the same as the drilling of a new well.
- 13. Notwithstanding anything to the contrary contained in this lease, at the option of Lessee, which may be exercised by Lessee giving notice to Lessor, a well which has been drilled and Lessee intends to frac shall be deemed a well capable of producing in paying quantities and the date such well is shut-in shall be when the drilling operations are completed.
- 14. As a result of land development in the vicinity of said land, governmental rules or ordinances regarding well sites, and/or surface restrictions as may be set forth in this lease and/or other leases in the vicinity, surface locations for well sites in the vicinity may be limited and Lessee may encounter difficulty securing surface location(s) for drilling, reworking or other operations. Therefore, since drilling, operations conducted at a surface location off or said land or off or lands with which said land are pooled in accordance with this lease, under said land or lands pooled therewith, shall for purposes of this lease be deemed operations conducted on said land. Nothing except as expressly stated.

15. The consideration paid for this lease shall also constitute consideration for an option to the Lessee, its successors and assigns, to extend the initial three (3) year primary term for a second two (2) year term. This option may be exercised anytime during the initial primary term by delivery of payment of an additional bonus of \$20,000.00 per net mineral acre. The bonus payment shall constitute notice to Lessor of exercise of the option. In the event Lessee elects to exercise this option and makes the bonus payment provided for above, then all terms of this lease shall remain in full force and effect as if the original primary term was five (5) years.

IN WITNESS WHEREOF, this instrument is executed on the date first above written LESSOR: Amanda Hanes STATE OF Texas } ss. (ACKNOWLEDGMENT FOR INDIVIDUAL) COUNTY OF Tancent

This instrument was acknowledged before me on the 7th day of October 2008 by

William A. Hanes and Amanda Hanes , husband and wife

Notary Public

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Seal:

SUSAN A. DARBY Notary Public STATE OF TEXAS My Comm. Exp. Apr. 24, 2012